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IN THE

Supreme Court of the United States

October Term, 1970

No. ~~1765~~ 70-222

COMPUTER SEARCHING SERVICE CORPORATION,

Petitioner,

against

HONORABLE SYLVESTER J. RYAN, United States District Judge for the Southern District of New York,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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COMPUTER SEARCHING SERVICE CORPORATION,

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against

HONORABLE SYLVESTER J. RYAN, United States District Judge for the Southern District of New York,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

To the Honororable, *The Chief Justice and Associate Justices of the Supreme Court of the United States*:

Petitioner, Computer Searching Service Corporation, respectfully prays that a Writ of Certiorari issue to review the order of the United States Court of Appeals for the Second Circuit, entered in the above entitled proceeding on March 2nd, 1971, denying the petition of Computer Searching Service Corporation for a Writ of Mandamus to the Honorable Sylvester J. Ryan, United States District Judge for the Southern District of New York, and the order of said Court of Appeals denying the petition for a rehearing, entered on March 26th, 1971, which denied petitioner its constitutional right to trial by jury.

Opinions of the Courts Below

The opinion of the Court of Appeals is reported in 439 F. 2d 6. It is printed in Appendix "B", hereto, *infra*, p. 29. The Court of Appeals did not file an opinion denying the petition for a rehearing. The opinion of the District Court for the Southern District of New York has not been officially reported. It is printed in Appendix "B", hereto, *infra*, p. 26.

Jurisdiction

The order of the Court of Appeals was entered on March 2nd, 1971. The orders denying the petition for a rehearing were entered on March 26th, 1971 [Appendix "B", *infra*, p. 36]. The jurisdiction of this Court is invoked under Title 28 U. S. C., §1254(1).

Questions Presented

1. Where in an action brought pursuant to the Copyright Law, together with a claim for unfair competition under the Lanham Act, the complaint seeks, in addition to an injunction against continuing infringement and unfair competition, money damages sustained as a result of the alleged acts of infringement and unfair competition, may a Federal Court deprive a newly added defendant of a timely-demanded consfitutional right to jury trial as to the legal issues for money damages, where plaintiff's right to the money damages and to the injunction involves a determination of the identical questions of fact?

2. Where both legal and equitable issues are presented in a single case and involve the determination of the identical questions of fact, may a Federal Court deprive a de-

fendant of a timely-demanded constitutional right to jury trial by determining that the issues are clearly equitable only, if the plaintiff thereafter amends its complaint to eliminate its claim for money damages?

3. May a plaintiff as a result of its own "inadvertent error" amend its complaint on the eve of trial in an attempt to change the issues from legal to equitable solely for the purpose of depriving a defendant of its constitutional right to trial by jury?

4. Where a complaint seeks both legal and equitable relief, can a plaintiff deprive a defendant of its timely-demanded constitutional right to trial by jury solely by dropping its claim for legal relief, although the factual issues to be determined remain the same, where the only purpose of dropping such claim for legal relief is to deprive the defendant of its constitutional right to trial by jury?

Constitutional Provision Involved

U. S. Constitution Amendment VII—Civil Trials:

> "In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law."

Statutory Provisions Involved

The pertinent statutory provisions are printed in Appendix "A", *infra*, p. 25.

Statement of the Case

This action was commenced in the United States District Court for the Southern District of New York, on June 17th, 1966 by the West Publishing Company.[1]

A.

Jurisdiction

The jurisdiction of the District Court was founded under the Copyright Act of 1909, as amended, 17 U. S. C., §1, *et seq.* and related claims of unfair competition and under §43 of the Lanham Act, 15 U. S. C., §1121. Jurisdiction was conferred on the District Court by 17 U. S. C. §112, 28 U. S. C., §1338 and 15 U. S. C., §1121. Jurisdiction of the District Court was also founded on diversity of citizenship of the parties, *and on an amount in controversy exceeding the sum of $10,000.00.*

B.

Facts Occurring Prior to the Adding of CSSC as an Additional Defendant

On June 17th, 1966 West [2] commenced the District Court action against LRS [3] alleging that LRS infringed numer-

[1] The plaintiff in this case is the West Publishing Company, who is the real party in interest and herein called "West". The action was originally commenced against the defendants, Law Research Service, Inc., Ellias C. Hoppenfeld and Paul Weiner herein collectively referred to as "LRS". The petitioner, Computer Searching Service Corporation, herein referred to as "CSSC" was brought in as a party defendant by service of the second amended and supplemental complaint upon it on August 21st, 1970, pursuant to the order of the District Court, dated August 3rd, 1970, which granted West leave to add CSSC as a defendant in the action.

[2] West is by far the largest publisher of court opinions, statutes, legal digests and legal texts in the United States.

[3] LRS was the pioneer in the commercial use of a legal retrieval system utilizing computers.

ous of West's copyrights and committed acts of unfair competition in connection with an alleged computerized legal research service that LRS sold, and sought an injunction, statutory damages under the Copyright Law of the United States, and $10,000,000.00 in exemplary and punitive damages. On December 27th, 1968 West filed a note of issue placing this action on the non-jury calendar of the District Court, none of the original parties having demanded trial by jury. The pre-trial order was entered in the District Court on February 2nd, 1970. CSSC was not a party to the action at the time of the making of the pre-trial order.

On July 2nd, 1970 West moved the District Court for leave to serve and file a second amended and supplemental complaint and add CSSC as a defendant, which motion was granted by order of the District Court on August 3rd, 1970.

C.

West's Second Amended and Supplemental Complaint

On August 11th, 1970 West filed its second amended and supplemental complaint setting forth eight causes of action.

The first five causes of action allege that LRS and the individual defendants infringed numerous of West's copyrights in connection with an alleged computerized legal research service that they sold to the legal profession and others. The sixth and seventh causes of action, also against LRS and the individual defendants, allege actions of unfair competition in the sale of LRS's computerized legal research service, in violation of Section 43(a) of the Lanham Act, 15 U. S. C. §1125(a).

The eighth cause of action is pleaded against all of the defendants, including CSSC. Such cause of action realleges the allegations of the first seven causes of action of

the complaint and, therefore, puts squarely in issue against CSSC all of the prior allegations of the second amended and supplemental complaint. It further alleges that in November, 1969, LRS transferred to CSSC certain magnetic tapes and other materials which infringed West's copyrights and that CSSC has committed the same acts of copyright infringement and unfair competition as alleged in the first seven causes of action of the complaint.

In its prayer for relief West seeks to enjoin all of the defendants including CSSC from infringing West's copyrights and from committing acts of unfair competition; that all of the defendants, including CSSC be required to pay to West all damages as it has sustained as a result of the alleged actions of infringement and unfair competition, but not less than $250. for each act of infringement, and that all of the defendants, including CSSC be required to pay to West exemplary and punitive damages in the sum of $10,000,000.00.

The second amended and supplemental complaint alleged against CSSC, all of the allegations against LRS and the individual defendants and further alleges that "the same acts of copyright infringement and unfair competition alleged in Paragraphs 1 through 66 herein, to have been committed by defendants LRS, Hoppenfeld and Weiner are also being committed or are threatening to be committed by CSSC". Thus, the second amended and supplemental complaint raised against CSSC all of the issues that had previously been raised against LRS including validity and infringement and sought a money judgment against CSSC.

D.

The Answer of CSSC With Demand for Jury Trial

The answer of CSSC dated September 8th, 1970 was served and filed within twenty days after the service

upon it of the second amended and supplemental complaint. In its answer by endorsement thereon CSSC timely demanded a trial by jury within the time prescribed by Rule 38.

CSSC in its answer denied all of the material allegations of the second amended and supplemental complaint. In addition thereto, CSSC alleged as an affirmative defense fifteen counts of counterclaims against West, eight of which state anti-trust counterclaims seeking treble damages against West for violations of the Sherman and Clayton Acts. The remaining counts of the counterclaims are compulsory counterclaims as defined in Rule 13(a) of the Federal Rules of Civil Procedure since they arise out of the transactions and occurrences that are the subject matter of West's claims.[4]

LRS and the individual defendants filed their answer to the second amended and supplemental complaint on September 2nd, 1970 and by endorsement thereon demanded trial by jury and interposed numerous anti-trust counterclaims.

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[4] West is the official publisher of the reports of all the federal district courts and the courts of appeals and of 26 of the states. West through its copyrights and the requirements of the various courts that all citations be to the West reports effectively stifles competition and violates the anti-trust laws. Any attempts by others such as LRS and CSSC to make use of such court reports and statutes are met with spurious and baseless copyright infringement actions to prevent such use, thereby effectively stifling competition in violation of the anti-trust laws. These actions on the part of West are the subject matter of the CSSC counterclaims, all of which arise out of the occurrences that are the subject matter of West's claims against CSSC and the other defendants, to wit: West's use of its copyrights to monopolize the field of law reporting in the United States. Since the invalidity of a copyright is a complete defense to a copyright infringement action, such counterclaims are compulsory counterclaims which must be pleaded (Federal Rules of Civil Procedure, Rule 13(a)).

E.

West's Motion to Strike the Jury Demands

On September 21st, 1970 West filed with the District Court a motion which amongst other things sought to strike the demand for jury trial from the answers of CSSC and LRS to the second amended and supplemental complaint on the ground that "defendants have previously waived their right to jury trial and are not entitled to a jury trial." In addition thereto, by such motion West sought to dismiss the counterclaims contained in both the CSSC and the LRS answers.

West contended in support of its motion that since the original defendants [LRS, Hoppenfeld and Weiner] had failed to demand a trial by jury until interposing their answer to the second amended and supplemental complaint, that none of the defendants, including CSSC were entitled to trial by jury as to any of the issues relating to copyright infringement and that "if CSSC is entitled to a jury trial at all in this case it is only on the narrow issue raised by its joinder as a defendant of whether it received the infringing material from LRS".

In opposition to West's motion to strike the CSSC jury demand CSSC conceded that LRS and the individual defendants had not demanded a jury in this case until they served their answer to the second amended and supplemental complaint. However, CSSC contended the possible waiver of trial by jury by LRS and the individual defendants could not in any way bind CSSC,[5] who is en-

[5] A waiver by one party of its right to trial by jury cannot bind another party (cf. 2B *Barron & Holtzoff*, §879, at p. 57) and any prior supposed waiver of the right to trial by jury cannot, of course, bind another party. *Sacofford* v. *BSW, Inc.*, D. C. Tex. 1963, 34 F. R. D. 15, judgment affirmed, 5th Cir. 1964, 336 F. 2d 406, certiorari denied 379 U. S. 962; *Mortenson* v. *Pacific Far East Line, Inc.*, D. C. Calif., 1956, 148 F. Supp. 71.

titled to a jury trial as a matter of right, since the second amended and supplemental complaint pleaded against CSSC both legal and equitable issues, based on identical questions of fact and that since CSSC would be bound by the determination of all of such issues, it is entitled to trial by jury as a matter of constitutional right, its jury demand having been timely served.

F.

The Order of the Honorable Sylvester J. Ryan Denying Trial by Jury

On January 4th, 1971 the Honorable Sylvester J. Ryan determining West's motion, struck all matters in the CSSC answer and its jury demand. In addition thereto, Judge Ryan also struck the answer and jury demand of LRS and the individual defendants. Judge Ryan in his order gave no reason for the striking of the CSSC answer and jury demand. [Appendix B, *infra*, p. 28.]

G.

CSSC's Petition for a Writ of Mandamus

On the 25th day of January, 1971 CSSC filed a petition for a writ of mandamus directed against the Honorable Sylvester J. Ryan, United States District Judge for the Southern District of New York. In this petition CSSC set forth the aforementioned facts and contended, *inter alia*, that Judge Ryan's order striking CSSC's demand for a jury trial unconstitutionally deprived CSSC of its right to jury trial under the Seventh Amendment of the United States Constitution in that:

1. The so-called waiver of trial by jury by the other defendants [LRS, Hoppenfeld and Weiner] cannot be

inferred to constitute a waiver on the part of CSSC, a separate and distinct legal personality.[6]

2. CSSC is entitled to a jury trial as a matter of constitutional right on the issues of the validity of West's copyright, infringement and damages, since the action brought by West against CSSC is for copyright infringement and an accounting of profits to ascertain damages, together with such damages as might be found to be due West under the provisions of the Copyright Law and a permanent injunction against continued infringement.

The petition for a writ of mandamus further contended that Judge Ryan's order which also struck the CSSC answer deprived CSSC of due process of law by its being denied and deprived of the right to assert its answer to West's claims and set forth its claims against West and deprived CSSC of the right to be heard in its own defense and condemned CSSC without a hearing. The petition prayed that the Court of Appeals command the Honorable Sylvester J. Ryan to vacate his order dated January 4th, 1971, striking the demand of CSSC for a jury trial and striking all matters in the answer submitted by CSSC and to deny the motion of West for such relief.

H.

The Answer to CSSC's Petition for a Writ of Mandamus

On January 29th, 1971 the Honorable Leonard P. Moore, Judge of the United States Court of Appeals for the Second Circuit, directed the Honorable Sylvester J. Ryan to interpose his answer to the petition for a writ of mandamus. On February 11th, 1971, West's attorneys interposed an answer to the petition on behalf of Judge Ryan and West.

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[6] "Its separate personality may not be disregarded." *Berkey v. Third Ave. R. Co.*, 1926, 244 N. Y. 84, 155 N. E. 58; *Rapid Transit Subway Const. Co. v. City of New York*, 1932, 259 N. Y. 472, 182 N. E. 145.

In such answer, West in effect conceded that the issues raised by it against CSSC in the second amended and supplemental complaint are unquestionably legal and the so-called waiver by the other defendants cannot be inferred to constitute a waiver on the part of CSSC, thereby entitling CSSC, which timely demanded a trial by jury, a jury trial as a matter of constitutional right. However, West for the first time, stated in its answer to the petition for a writ of mandamus that the second amended and supplemental complaint "accidentally by its language * * * inadvertently listed CSSC with the other defendants in the prayer for relief for money damages" and its demand for money damages against CSSC "should be stricken or disregarded."

With respect to that part of Judge Ryan's order which struck all matters in the CSSC answer West took the position that the order of Judge Ryan did not strike the CSSC answer in its entirety, but only the counterclaims contained therein.

I.

The Opinion and Order of the Court of Appeals Denying the Petition for a Writ of Mandamus

On March 2nd, 1971, the United States Court of Appeals for the Second Circuit, in an opinion by the Honorable Wilfred Feinberg, denied CSSC's petition for a writ of mandamus both as to its constitutional right to trial by jury and with respect to that part of Judge Ryan's order which struck the answer of CSSC in its entirety.

With respect to that part of Judge Ryan's order that "[a]ll matters in the answer submitted by [CSSC] are stricken" [Appendix "B", *infra*, p. 28] has been interpreted by the Court of Appeals in its opinion, "to strike at this time only CSSC's demand for jury trial and those parts of the CSSC answer which state counterclaims and

are not proper defenses to the limited issues it will be called upon to litigate as a party defendant if it remains in the case in that capacity. [Appendix "B", *infra*, p. 35.]

In denying the petition of CSSC for a writ of mandamus with respect to the CSSC jury demand the Court of Appeals concluded that "the action against CSSC is clearly equitable only" and that, therefore, under *Dairy Queen, Inc.* v. *Wood*, 369 U. S. 469 (1962) and its progeny there was "no abuse of discretion in Judge Ryan's holding that CSSC is not entitled to jury trial". To reach this conclusion the Court of Appeals conceded, in its opinion "that West's amended complaint listed CSSC as one of the defendants from whom it demanded damages", which entitled CSSC to trial by jury as a matter of constitutional right under *Dairy Queen* and its progeny, but that since "West informs us that this was inadvertent error, which it claims will be cured when its amended complaint is again amended * * *, the action against CSSC is clearly equitable only". [Appendix "B", *infra*, p. 34.]

Reasons Relied on for the Allowance of the Writ

I

The Court of Appeals' decision ignores and is in conflict with the teachings and decisions of this Court.

At the times that both Judge Ryan and the Court of Appeals made their respective determinations depriving CSSC of its constitutional right to trial by jury, the second amended and supplemental complaint of West sought money damages against CSSC and still seeks

money damages against CSSC, thereby entitling CSSC to a trial by jury as a matter of constitutional right. The action of West is for copyright infringement and an accounting of profits to ascertain damages together with such damages as may be found to be due West under the provisions of the Copyright Law and a permanent injunction against continued infringement.

A.

Dairy Queen v. *Wood*

It has been firmly established since the decision of this Court in *Dairy Queen, Inc.* v. *Wood*, 369 U. S. 469 (1962) that in an action for infringement and an accounting of profits to ascertain damages together with a permanent injunction against continued infringement, a party is entitled to a jury trial on the issues of validity of the copyright, infringement and damages. As was stated by this Court in *Dairy Queen*, 369 U. S. at 477, "we think it plain that their claim for a money judgment is a claim wholly legal in its nature, however the complaint is construed".

In *Dairy Queen*, this Court first laid to rest the erroneous notion that if a "basic" equitable issue can be discovered, there is no right to jury trial on the other legal issues. "Our previous decisions" you said "make it plain that no such rule may be applied in the federal courts."[7] In particular you read your prior decision in *Beacon Theatres, Inc.* v. *Westover*, 359 U. S. 500 (1959), as requiring that any legal issue for which a trial by jury is timely and properly demanded be submitted to a jury.[8]

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[7] 369 U. S. at 470.

[8] 369 U. S. at 473.

It is undisputed that a claim for damages based upon a charge of infringement is a "legal claim" for which the parties are entitled to a jury trial as a matter of constitutional right,[9] and since West's claim of infringement and its demand for money damages are legal issues, and the only equitable relief sought by West is an injunction against continued infringement[10] CSSC is entitled to a jury trial on those issues as a matter of constitutional right.

As stated in *Dairy Queen*, 369 U. S. at 476:

> "Petitioner's contention as set forth in its petition for mandamus to the Court of Appeals and reiterated in its briefs before this Court is that insofar as the complaint requests a money judgment it presents a claim which is unquestionably legal. We agree with that contention."

Unquestionably, West's claims of infringement and its request for a money judgment "presents a claim which is unquestionably legal" and with respect thereto, CSSC having demanded its jury trial within the time prescribed in Rule 38(b) is entitled to a trial by jury with respect to such issues as a matter of constitutional right. Since the legal issue of infringement for which West seeks money damages is common with the issues upon which its "claim to equitable relief is based, the legal claims involved in the

[9] *Robinson, Ryan*, 2d Cir., 1962, 310 F. 2d 797; *Saxonford v. R. C. W., Inc.*, 5th Cir., 1964, 360 F. 2d 406, certiorari denied 379 U. S. 962; *AMF Tuboscope, Inc. v. Cunningham*, 10th Cir. 1965, 352 F. 2d 150; *Thermo Stitch, Inc. v. Chem-Cord Processing Corp.*, 5th Cir., 1961, 294 F. 2d 486; *Brackman v. Hollzer*, 9th Cir. 1946, 152 F. 2d 730.

[10] It is noteworthy that in the five years this action has been pending in the District Court, West has never sought a preliminary injunction against continued infringement under Rule 65 of the Federal Rules of Civil Procedure.

action must be determined prior to any final court determination of [West's] equitable claims", and in such situation where the issues are common, upon which both the legal and equitable claims are based, the Court of Appeals should have corrected the error of the district court in striking the jury demand by granting the petition for mandamus.[11]

The Court of Appeals conceded, in its opinion "that West's amended complaint listed CSSC as one of the defendants from whom it demanded damages", which entitled CSSC to trial by jury as a matter of constitutional right under *Dairy Queen*, but held that since "West informs us that this was inadvertent error, which it claims will be cured when its amended complaint is again amended * * * the action against CSSC is clearly equitable only". [Appendix "B", *infra*, p. 34.]

While the Court of Appeals has made no finding that West's demanding of money damages was as a result of "inadvertent error", it has in effect issued a mandate to the district court to permit a further amendment of the complaint by West to change the issues against CSSC from legal issues to equitable issues.

Obviously, the only reason for permitting such amendment is to deprive CSSC of its constitutional right to trial by jury. The Court of Appeals for the Second Circuit has, therefore, now promulgated a rule of law for the first time in the history of both the common law and Federal constitutional law that a plaintiff may as a result of its own "inadvertent error" amend its complaint on the eve of trial changing the issues from legal to equitable solely for the purpose of depriving a defendant of its constitutional right to trial by jury. Thus, the Court of Appeals has said that in any case where a plaintiff seeks both legal

[11] *Dairy Queen*, 369 U. S. at 479.

and equitable relief it can deprive a defendant of its constitutional right to trial by jury solely by the ploy of dropping its claim for legal relief, although the factual issues to be determined remain the same.

B.

Scott* v. *Neely* and *Beacon Theaters, Inc.* v. *Westover

The determination of the Court of Appeals that there was "no abuse of discretion in Judge Ryan's holding that CSSC is not entitled to jury trial under *Dairy Queen* v. *Wood*, 369 U. S. 469 (1962) and its progeny" is clearly contrary to the prior holdings of this Court.

In *Scott* v. *Neely*, 140 U. S. 106 (1891) you held 140 U. S. at 109, 110 that:

> "In the Federal courts this [jury] right cannot be dispensed with, except by the assent of the parties entitled to it: nor can it be impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of the legal action, or during its pendency. Such aid in the federal courts must be sought in separate proceedings to the end that the right to a trial by a jury in the legal action may be preserved intact."

The holding of *Scott* v. *Neely*, requiring a separate proceeding for equitable relief in aid of the legal action is no longer necessary in view of the union of law and equity granting the court power to grant equitable relief in a legal action.[12] However, since the issues against CSSC were and still are legal, the lower courts had no power or discretion to dispense with CSSC's constitutional right

[12] Federal Rules of Civil Procedure, Rule 2, which provides "There shall be one form of action to be known as 'civil action'."

to trial by jury without its assent.[13] Likewise the lower court has no power or discretion to attempt to change the issues from legal to equitable during the pendency of the action in order to impair CSSC's constitutional right to trial by jury. Such determination of the Court of Appeals is directly contrary to your holding in *Scott* v. *Neely* since the right to trial by jury, once the issues are legal must be "preserved intact".

In *Beacon Theaters, Inc.* v. *Westover*, 369 U. S. 500 (1959) you held 359 U. S. at 510 that:

> "Since the right to jury trial is a constitutional one, however, while no similar requirement protects trials by the court, that discretion is very narrowly limited and must, wherever possible, be exercised to preserve jury trial."

In *Beacon Theaters*, you held that what discretion the trial court has is limited to "whether the legal or equitable cause should be tried first" and "must * * * be exercised to preserve jury trial." The holding of the Court of Appeals is clearly contrary to your holding in *Beacon Theatres*, since it has attempted to broaden this very limited discretion to permit the District Judge to deprive CSSC of its constitutional right to trial by jury, although

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[13] The pattern presented in the instant case is very similar to that in *Thomas* v. *Peninsular & Oriental Steam Navigation Co.*, E. D. Pa., 1965, 246 F. Supp. 592. The plaintiff, a longshoreman brought a civil action for personal injuries in which he demanded a jury trial. He thereafter, commenced a libel in personam on the admiralty side of the court. Plaintiff then moved to transfer the civil action to the admiralty side of the court for consolidation with the libel actions. Plaintiff's motion to transfer was denied. At pp. 593, 594, the Court said:

> "Another compelling reason for denying plaintiff's motion to transfer is found in the policy of preserving the right of trial by jury. * * * plaintiff cannot dispense with a jury trial without the consent of the defendant."

the issues are clearly legal, by the Court of Appeals itself attempting to exercise its discretion to permit a further amendment of West's complaint to change the issues from legal to equitable, not to preserve jury trial as required by your holdings in *Scott* v. *Neely* and *Beacon Theaters,* but to achieve the opposite result and deprive CSSC of its constitutional right to trial by jury.[14]

The Court of Appeals in its opinion conceded that "West's amended complaint listed CSSC as one of the defendants from whom it demanded damages". This being the case the issues raised by West against CSSC were clearly legal, thereby entitling CSSC to trial by jury on those issues as a matter of constitutional right.[15] A federal court has no discretion to deprive a party of a constitutional right, when such right has been properly exercised, as CSSC did when it demanded its trial by jury when it interposed its answer.[16]

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[14] It would appear that the decision of the Second Circuit herein is in direct conflict with its opinion in *Western Geophysical Company of America, Inc.* v. *Bolt Associates, Inc.* (not yet officially reported) decided two days thereafter on March 4th, 1971 by a different panel, wherein it properly stated that such limited discretion should generally be exercised in favor of trial by jury.

[15] *Dairy Queen* v. *Wood, supra;* Federal Rules of Civil Procedure Rule 38(a).

[16] This was aptly pointed out by Judge Motley in *Ballard* v. *Moore-McCormack Lines, Inc.*, S. D. N. Y. 1968, 285 F. Supp. 290, 297 when she stated:

> "* * *. Given the policy of the Seventh Amendment to the Constitution favoring trial by jury, federal courts are least apt to err by granting jury trials, where not prohibited, than by denying jury trial. See Byrd v. Blue Ridge Rural Elec. Coop., 356 U. S. 525, 537-539, 78 S. Ct. 893, 2 L. Ed. 2d 953 (1958). *All the court does is to give plaintiff his jury trial, not out of its discretion, but because of his right to it.*" (Emphasis supplied.)

Both Judge Ryan and the Court of Appeals ignored the teachings of this Court in attempting to exercise their discretion to deprive CSSC of its jury trial, after it properly exercised its constitutional right thereto, since no federal court has any discretion whatsoever to deprive a party of a constitutional right, properly exercised.

II

The Court of Appeals' decision creates uncertainty and is in direct conflict with the Third Circuit and this Court.

The Court of Appeals attempted to justify Judge Ryan's order in depriving CSSC of its constitutional right to trial by jury by saying that if West should again amend its complaint by eliminating its demand for money damages, "the action against CSSC is clearly equitable only." However, this clearly ignores the fact that "[o]nce a jury trial has been [properly] demanded, trial must be had by jury" [17]. Furthermore, at the times that both Judge Ryan and the Court of Appeals both determined that CSSC was not entitled to a jury trial, the complaint of West against CSSC sought money damages and still seeks such damages.

The decision of the Court of Appeals for the Second Circuit in denying the petition for writ of mandamus with respect to CSSC's constitutional right to trial by jury is in direct conflict with the decision of the Third Circuit in *Cannister Co.* v. *Leahy*, 1950, 182 F. 2d 510.

In *Cannister*, the Third Circuit held that "the form of a complaint and the nature of the relief prayed for, in it must guide a trial court in its determination as to

[17] *Collins* v. *Government of the Virgin Islands*, 3rd Cir. 1966, 366 F. 2d 279, 286.

whether or not a trial shall be had to the court or by a jury'', and the ''state of the pleadings [as they then exist] should be treated as controlling''. The court in *Cannister* pointed out that the determination of both the district court and the Court of Appeals as to plaintiff's right to trial by jury must be determined on the issues raised by the pleadings as they presently existed and that ''[i]t first must effect the necessary amendments to its complaints before it can become entitled to assert a right to trial by jury''.

Conversely in the present case the complaint of West before Judge Ryan, before the Court of Appeals and before this Court prays for legal relief against CSSC, which must be the guide in the ''determination as to whether a trial shall be had to the court or by a jury'' and ''the state of the pleadings should be treated as controlling'' since West must first effect the necessary amendments to its complaint before it can become entitled to ''assert'' that the issues against CSSC are ''clearly equitable only''. The holding of the Court of Appeals justifying Judge Ryan's order depriving CSSC of its jury before West has effected such amendment is clearly erroneous, since it may well be that West is not entitled to so amend its complaint, and the issues will remain legal and CSSC will be unconstitutionally deprived of its right to trial by jury under ''*Dairy Queen* and its progeny.''

To permit West to again amend its complaint would clearly be contrary to the holding of this Court in *Foman v. Davis*, 371 U. S. 178 (1962) where you held that leave to amend under Rule 15(a) should be freely granted, but that such leave should be denied for reasons:

> ''such as undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed, *un-*

due prejudice to the opposing party by virtue of allowance of the amendment, futility of amendment, etc." (Emphasis supplied.)[18]

The only reason that West would again amend its complaint is to thwart and deprive CSSC of its constitutional right to trial by jury, by dropping its claim for money damages and attempting to change the issues against CSSC from legal to equitable. Since the right to jury trial is "a vital and cherished right, integral in our judicial system"[19] any attempted amendment by West of its complaint, the sole purpose of which would be to deprive CSSC of its constitutional right to jury trial, would constitute "undue prejudice to [CSSC] by virtue of allowance of the amendment" without even considering the fact that such belated attempt by West to amend is therefore made in "bad faith" and is a result of "repeated failure to cure deficiencies by amendments previously allowed", for any of which reasons this Court has stated such amendment should not be allowed.[20]

Can one imagine an amendment to a complaint which would result in more "undue prejudice to the opposing party by virtue of allowance of the amendment" than an amendment the sole purpose of which is to deprive the defendant of its constitutional right to trial by jury?

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[18] 371 U. S. at 182.

[19] *City of Morgantown, W. Va.* v. *Royal Ins. Co.*, 337 U. S. 254, 258 (1949).

[20] *Foman* v. *Davis*, 371 U. S. at 182.

III

The decision of the Court of Appeals may well destroy the right to trial by jury in cases containing both legal and equitable issues based on identical questions of fact.

What the Court of Appeals has done is to resolve every question presented to it with respect to CSSC's constitutional right to trial by jury not in favor of trial by jury as required by this Court, but in favor of trial by the court[21] to which there is no constitutional right.[22] This, despite the fact that this Court "has indicated a strong policy preference derived from the Seventh Amendment against any impairment, if not indeed for an expansion of the right to trial by jury,[23] all of which lends impetus toward finding a right to trial by jury in doubtful cases."[24]

The order of the Court of Appeals for the Second Circuit denying CSSC's petition for a writ of mandamus with respect to its constitutional right to trial by jury will require CSSC to defend itself in this copyright infringe-

[21] The counterclaims contained in the CSSC answer sought treble damages against West under the anti-trust laws and contained many issues of fact identical to the issues upon which West's claim for infringement is based, all of which "were essentially jury questions" (*Beacon Theaters, Inc. v. Westover*, 359 U. S. at 504). Notwithstanding this fact Judge Ryan struck the CSSC counterclaims and the Court of Appeals also denied the petition for a writ of mandamus with respect to the CSSC counterclaims.

[22] *Beacon Theaters, Inc. v. Westover*, 359 U. S. at 510.

[23] *Beacon Theaters, Inc. v. Westover, supra; Dairy Queen v. Wood, supra; Fitzgerald v. United States Lines Co.*, 374 U. S. 16 (1963).

[24] *Simler v. Conner*, 372 U. S. 221 (1963); *Mecker v. Ambassador Oil Co.*, 375 U. S. 160 (1963); cf. 2B *Barron & Holtzoff*, §872, 1969 P. P.

ment action, where the complaint against it still seeks money damages, without the right to a trial by jury. If CSSC is denied this right to a jury trial, the plaintiff, West will have the Court's approval to circumvent the clear meaning of the Seventh Amendment to the United States Constitution, the Act of June 25th, 1948, as amended (28 U. S. C. §2072) and Rule 38(a) of the Federal Rules of Civil Procedure, all of which guarantee the right to a trial by jury in suits at common law.

It is submitted that the constitutional right of trial by jury will cease to exist in many instances if a plaintiff can deprive a defendant of that fundamental and cherished right by the mere expedient of seeking both legal and equitable relief involving the identical questions of fact, and then on the eve of trial, or in fact during the trial, drop its claim for legal relief solely for the purpose of depriving a defendant of its constitutional right to trial by jury. This is particularly true where the relief sought by the plaintiff, both legal and equitable, are founded on the same allegations of fact which will determine the ultimate outcome of the action.[25] Under the theory promulgated by the Court of Appeals, to deprive CSSC of its constitutional right to trial by jury, where a plaintiff seeks both legal and equitable relief involving the determination of identical questions of fact, it can deprive a defendant, on the eve of trial, if not during the trial, of its constitutional right to trial by jury, solely by dropping its claim for legal relief, although the factual issues to be determined remain the same.

It is important that the decision of the Court of Appeals in the instant case be reviewed and reversed so that the

[25] The jury, of course, does not grant the relief sought; its function is "simply to answer the question so that judgment may be given." Sir Patrick Devlin, *Trial By Jury*, London (1956) p. 13. After the fact question is resolved by the jury, the Court can give such legal or equitable relief as the matter warrants.

basic constitutional and statutory rights of party litigants shall not be destroyed. Moreover, parties defending similar suits would not know if the ultimate determination of the facts is to be made by the court or jury until after the completion of the plaintiff's case since under the theory promulgated by the Court of Appeals a plaintiff can drop its claim for legal relief at any time, thereby making the issues "clearly equitable only" and thus deprive the defendant of its constitutional right to trial by jury and the conflict between the holding of the United States Court of Appeals for the Second Circuit and your Honorable Court, as well as the various other Courts of Appeals and itself would be resolved.

Conclusion

For the foregoing reasons, it is urged this Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit should be granted since "[m]aintenance of the jury as a fact finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right of trial by jury should be scrutinized with the utmost care"[26] and "because the action of the Court of Appeals [is] inconsistent with protections already clearly recognized for the important constitutional right to trial by jury in [your] previous decisions."[27]

Respectfully submitted,

GABRIEL I. LEVY,
Attorney for Petitioner.

[26] *Dimick* v. *Schiedt*, 293 U. S. 474, 486 (1934); *Beacon Theatres, Inc.* v. *Westover*, 359 U. S. at 500, 501.

[27] *Dairy Queen, Inc.* v. *Wood*, 369 U. S. at 469, 470.

APPENDIX A

Statutes

28 U. S. C. 1254(1).

Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:

(1) By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree;

ACT of JUNE 25, 1948, as amended, 62 Stat. 961, 28 U.S.C. 2072.

"The Supreme Court shall have the power to prescribe, by general rules, the forms of process, writs, pleadings, and motions, and the practice and procedure of the district courts and courts of appeals of the United States in civil actions, * * *.

Such rules shall not abridge, enlarge or modify any substantive right and shall preserve the right of trial by jury as at common law and as declared by the Seventh Amendment to the Constitution . . ."

Federal Rules of Civil Procedure—Rule 38(a).

The right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved to the parties inviolate.

APPENDIX B

The Endorsement and Order of The Honorable Sylvester J. Ryan Striking the Jury Demand and Answer of CSSC and the Other Defendants

WEST PUBLISHING COMPANY v. LAW RESEARCH SERVICE, INC., *et al.*

Endorsement

66 Civil 1735

Plaintiff moves for three separate forms of relief.

Plaintiff first moves for an order pursuant to Rules 12, 15, 16 and 39, F.R.C.P., striking paragraphs 16 through 141 and items I, J, K, L and M of the prayer for relief of the answer and counterclaims to the second amended and supplemental complaint served by defendants Law Research Service, Inc., Elias C. Hoppenfeld and Paul Wiener on September 1, 1970. The basis for this motion is that the pleadings and paragraphs sought to be stricken constitute new matter, which is not responsive to plaintiff's prior supplemental pleading, and because leave of this Court to plead such new matter was neither sought nor granted, and that the time for pleading such has long since expired.

Plaintiff also moves to strike defendants' demand for a jury trial on the ground that defendants have previously waived their right to a jury trial and may not now demand a jury trial.

Plaintiff, in addition, moves to dismiss the counterclaims (paragraphs 7 through 112 and items (a) through (h) of the prayer for relief) from the answer and counterclaims of defendant Computer Searching Service Corporation served September 10, 1970, since they are identical to

claims made by that defendant against plaintiff in a suit entitled *Computer Searching Service Corp., et al. v. West Publishing Company, et al.* (S.D.N.Y., 70 Civ. 3692).

This copyright infringement action has been pending since June, 1966 and a pretrial order was entered on February 2, 1970. The record shows that, after the entry of this pretrial order, Judge Croake on August 3, 1970 granted plaintiff permission to add an additional defendant, Computer Searching Service Corporation (which plaintiff alleges defendant Law Research Service, Inc., formed or acquired control of on or about November 1, 1969). Judge Croake wrote in a memorandum opinion that "this joinder raises no new issues except as to what was transferred to this subsidiary." Judge Croake did not (1) disturb the calendar position or mark this action off the trial calendar; and (2) he did not modify the pretrial order in any way. Permission was not granted these defendants to assert new claims or new demands. None of the new material is responsive to or called for by the supplementary allegation added to the complaint and it is manifest that it was for this reason that Judge Croake did not mark the action off the calendar, disturb its relative position on the Ready Trial Calendar, or resettle, change or modify the existing pretrial order.

No application was made to have the present motions referred to Judge Croake. An application to modify the pretrial order was before the Judge, who had entered the pretrial order, but she neither modified the said order or referred the application to Judge Croake. These motions came to me when I sat in the Civil Motion Part of this Court. The Civil Calendar Judge simply granted a Local

Endorsement and Order of Honorable Sylvester J. Ryan

Rule 9(L) application, permitting the motions to be so made; she did not pass on the merits of the motions.

All matters in the answer submitted by the added defendant, Computer Searching Service Corporation (which Judge Croake has found to be a subsidiary of Law Research), are stricken. I am bound by the provisions of Judge Croake's order.

The demand for a jury trial is stricken. Application to declare this to be a Class Action is denied.

The amended answer interposed by the other defendants is stricken.

So ordered.

Dated: January 4, 1971.

SYLVESTER J. RYAN
U.S.D.J.

Opinion of the United States Court of Appeals for the Second Circuit Denying the Petition of CSSC for a Writ of Mandamus

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 761—September Term, 1970.

(Argued February 16, 1971 Decided March 2, 1971.)

Docket No. 71-1072

COMPUTER SEARCHING SERVICE CORPORATION,

Petitioner,

against

HONORABLE SYLVESTER J. RYAN, United States District Judge for the Southern District of New York,

Respondent.

Before:

LUMBARD, *Chief Judge,*

SMITH and FEINBERG, *Circuit Judges.*

Petition for mandamus against Sylvester J. Ryan, *J.*, in the United States District Court for the Southern District of New York. Denied.

GABRIEL I. LEVY, New York, N. Y., *for Petitioner.*

WILLIAM D. CONWELL, New York, N. Y. (White & Case, Laura Banfield, on the brief), *for West Publishing Company and the Honorable Sylvester J. Ryan.*

LEIBOWITT, MILBERG, WEISS & FOX, Melvyn I. Weiss, New York, N. Y., *for Law Research Service, Inc., Ellias C. Hoppenfeld and Paul Wiener.*

FEINBERG, *Circuit Judge*:

This petition arises out of the addition of petitioner Computer Searching Service Corporation (CSSC) as a party defendant in a pending action in the United States District Court for the Southern District of New York between West Publishing Company and Law Research Service, Inc. (LRS) and two of its officers.[1] West brought the suit in June 1966, alleging that LRS purported to do legal research by computer and had copied certain West key number digest indexes, thereby infringing various West copyrights. West further alleged that this material was put on computer tapes, which became a "data bank" to be printed out as needed. The complaint sought both injunctive and monetary relief.

In 1970, after a pre-trial order had been entered, West moved to join CSSC as a defendant on the ground that CSSC, an 83 per cent-owned subsidiary of LRS,[2] was

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[1] *West Publishing Co. v. Law Research Service, Inc.*, 66 Civ. 1735 (S.D.N.Y., filed July 7, 1966).

[2] Another 8% is owned by Paul Wiener, an LRS officer and individual defendant in the action; the rest of the shares are owned by three other individuals.

"threatening to take over the infringing acts" of LRS. The basis for West's claim was LRS's alleged transfer of the supposedly infringing data bank to CSSC. West's motion was granted by Judge Croake. Thereafter, West filed an amended and supplemental complaint which CSSC answered with a number of defenses and counterclaims, some of which had not previously been made part of the case by LRS, and a demand for jury trial; LRS proffered a new answer as well. Prior to filing its answer, CSSC had instituted a separate action which asserted its counterclaims affirmatively.[3] West then moved, *inter alia*, to strike CSSC's counterclaims and its demand for jury trial. The district court, Sylvester J. Ryan, *J.*, granted the motion. CSSC petitions for mandamus under 28 U.S.C. §1651(a), seeking vacation of Judge Ryan's order.

With respect to the striking of CSSC's counterclaims, Judge Ryan's order, as we construe it, reaches a reasonable result. In its answer, CSSC first denied or admitted various allegations in West's amended complaint. Then, after a heading labelled "AS AND FOR AN AFFIRMATIVE DEFENSE AND AS AND FOR A FIRST COUNTERCLAIM," CSSC alleged 15 "Counts," or causes of action, set forth in over 100 separately numbered paragraphs. This portion of the answer incorporated, apparently word for word, CSSC's complaint in its separate action against West filed almost three weeks before, including a prayer for $200 million damages. Insofar as CSSC seeks affirmative relief in its counterclaims against West, CSSC will have an opportunity to litigate these claims in its pending action against West. It would have been both inefficient and inequitable to delay the action between West and LRS,

[3] *Computer Searching Service Corp. v. West Publishing Co.*, 70 Civ. 3692 (S.D.N.Y., filed Aug. 25, 1970).

otherwise ready for trial and high on the trial calendar, merely to allow CSSC's allegations to be pressed in the posture of counterclaims. Cf. *Transmirra Products Corp. v. Monsanto Chemical Co.*, 27 F.R.D. 482 (S.D.N.Y. 1961).

However, there remains one substantial problem. Some of the matter pleaded by CSSC as a counterclaim might also be an appropriate defense to West's copyright action, e.g., the invalidity of West's copyrights.[1] We do not construe Judge Ryan's order as depriving CSSC of the right to litigate such a defense unless it is irrelevant to the issues which CSSC will be called upon to defend. Both Judge Croake, who allowed West to amend its answer to assert a claim against CSSC, and Judge McLean, who ruled on requests by CSSC for discovery, regarded the claims of West against CSSC as quite limited. Judge Croake stated that by its motion to join CSSC as a party defendant, West sought:

> only to add a claim that *if* defendants have transferred to a controlled subsidiary, Computer Searching Services Corporation, any of the alleged infringing material which forms the subject of this suit, then that subsidiary should be joined as a party defendant, so that if plaintiff should win on the trial of the merits an order could be entered enjoining the subsidiary as well as the presently named defendants from such infringing activities. . . .
>
> Joinder of the subsidiary is essential to protection of plaintiff's rights in this action since the injunctive relief which plaintiffs seeks against the named defendants would be of little value if the facts

[1] Pleaded in paragraph 96 of the CSSC answer.

> proved at trial should show that the latter have transferred the infringing activties to the subsidiary. We note that this joinder raises no new issues except as to what was transferred to the subsidiary —matters which are certainly within the knowledge of defendants. [Emphasis in original.]

Similarly, Judge McLean stated:

> [A]s far as CSSC is concerned, the primary issues are whether or not it acquired the allegedly infringing materials from Law Research and whether it is now carrying on substantially the same business formerly carried on by Law Research.

Thus limited, the joinder of CSSC seems to be another way of enforcing Fed. R. Civ. P. 65(d), which provides that:

> [E]very order granting an injunction . . . is binding only upon the parties to the action, their officers, agents, servants, employees, and attorneys, and upon those persons in active concert or participation with them who receive actual notice of the order by personal service or otherwise.

The Supreme Court has interpreted this rule to make an injunction enforceable "in appropriate circumstances . . . against those to whom the business may have been transferred, whether as a means of evading the judgment or for other reasons." *Walling* v. *Reuter Co.*, 321 U.S. 671, 674 (1944) (violation of Fair Labor Standards Act). See also *Regal Knitwear Co.* v. *NLRB*, 324 U.S. 9, 14-15 (1945) (cease and desist order); *Chanel Industries, Inc.* v. *Pierre Marche, Inc.*, 199 F. Supp. 748, 753 (E.D. Mo. 1961) (trademark infringement and unfair competition). We, of course,

express no opinion on whether CSSC is in "active concert or participation" with LRS in the supposedly infringing business. But if it is, under the cases cited above, it was not even necessary to join CSSC as a party defendant to achieve the protection West sought. As we view it, it is clear that the issues to be tried against CSSC will in effect be the same as if West had already obtained an injunction against LRS and proceeded against CSSC under Rule 65(d). Therefore, CSSC can assert only those defenses which would be available to it in that posture. In other words, regardless of the form of West's complaint against CSSC it should not be treated as a general party defendant. Indeed, it would make matters less complicated if CSSC were dropped altogether as a formal party defendant, and West were to rely only on its rights under Rule 65(d), if it is successful against LRS. But we leave that to the parties and the court below.

CSSC's second objection to Judge Ryan's order is that it struck CSSC's demand for jury trial. This issue is complicated by the fact that West's amended complaint listed CSSC as one of the defendants from whom it demanded damages. West informs us that this was inadvertent error, which it claims will be cured when its amended complaint is again amended to conform to Judge Croake's order allowing joinder of CSSC as a defendant for the limited purpose of injunctive relief. Under this express understanding which should be carried out by an immediate amendment in this respect of the complaint against CSSC if CSSC is not dropped as a party defendant, the action against CSSC is clearly equitable only. We therefore find no abuse of discretion in Judge Ryan's holding that CSSC

is not entitled to jury trial under *Dairy Queen, Inc. v. Wood*, 369 U.S. 469 (1962), and its progeny.

Two minor issues remain. LRS suggests that Judge Ryan's order leaves it without an answer to West's amended complaint since the amendment "rendered [its first answer] . . . *functus officio*." We assume that the trial court will eliminate this problem by making clear that the case is governed by the carefully drafted pre-trial order. Likewise, Judge Ryan's statement that "all matters" submitted by CSSC are stricken might be misread to leave CSSC without any answer at all. As already indicated, we interpret this language to strike at this time only CSSC's demand for jury trial and those parts of the CSSC answer which state counterclaims and are not proper defenses to the limited issues it will be called upon to litigate as a party defendant, if it remains in the case in that capacity.

Based on the foregoing, the petition for mandamus is denied.

Order of the United States Court of Appeals for the Second Circuit Denying the Petition of CSSC for a Rehearing

71-1072

UNITED STATES COURT OF APPEALS

SECOND CIRCUIT

COMPUTER SEARCHING SERVICE CORPORATION,

Petitioner,

against

HONORABLE SYLVESTER J. RYAN, United States District Judge for the Southern District of New York,

Respondent.

A petition for a rehearing having been filed herein by counsel for the petitioner,

Upon consideration thereof, it is

Ordered that said petition be and it hereby is

DENIED.

J. EDWARD LUMBARD
J. JOSEPH SMITH
WINFRED FEINBERG
Circuit Judges

March 26, 1971.

Order of the United States Court of Appeals for the Second Circuit Denying the Petition of CSSC for a Rehearing in Banc

71-1072

UNITED STATES COURT OF APPEALS

SECOND CIRCUIT

COMPUTER SEARCHING SERVICE CORPORATION,

Petitioner,

against

HONORABLE SYLVESTER J. RYAN, United States District Judge for the Southern District of New York,

Respondent.

A petition for a rehearing containing a suggestion that the action be reheard in banc having been filed herein by counsel for the petitioner and no active circuit judge having requested that a vote be taken on said suggestion,

Upon consideration thereof, it is

Ordered that said petition be and it hereby is denied.

s/ J. EDWARD LUMBARD
Chief Judge

March 26, 1971